

Message Text

PAGE 01 STATE 155154

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INFO OCT-01 EUR-12 ISO-00 /016 R

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DRAFTED BY:L/EB:SRBOND:LMS

APPROVED BY:L/EB:SRBOND

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FM SECSTATE WASHDC

TO AMEMBASSY THE HAGUE IMMEDIATE

C O N F I D E N T I A L STATE 155154

FOLLOWING REPEAT SECSTATE 155154 ACTION ALGIERS JUN 23

QUOTE: C O N F I D E N T I A L STATE 155154

E.O. 11652: GDS

TAGS: EINV, ENRG, AG, UK, US

SUBJECT:PROPOSED SONATRACH TAKING OF CONCH SHARES IN CAMEL

REFS: (A) STATE 151491 (B) STATE 81210

1. TYLER TELEPHONED TODAY AND CONVEYED ON BEHALF OF CONCH, PRINCE INTERESTS AND CONTINENTAL OIL THE REQUEST THAT DEPT INSTRUCT EMB SOONEST TO PRESS GOA TO PAY FAIR MARKET VALUE OR, FAILING THAT, TO ARBITRATE DISPUTE. HE SUGGESTED LEAVING ASIDE FOR TIME BEING QUESTION OF WHETHER GOA IS OBLIGED TO ARBITRATE, ON WHICH HE WILL SUBMIT AN OPINION TO THE EFFECT THAT IT IS. HE AND HIS PRINCIPALS ARE ANXIOUS THAT USG APPROACH TO GOA BE MADE SOONEST, BEFORE, THEY HOPE, GOA MINISTERS WILL HAVE RATIFIED AND ENTRENCHED THEMSELVES BEHIND THE RECOMMENDATION OF THEIR NEGOTIATORS THAT NO MORE THAN NET BOOK VALUE BE PAID FOR CONCH'S SHARES IN CAMEL.

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PAGE 02 STATE 155154

2. THIS SEEMS REASONABLE TO US AND, UNLESS THE EMBASSY PERCEIVES CONSIDERATIONS TO CONTRARY, REQUEST YOU TO TRANSMIT TO GOA NOTE OF FOLLOWING SUBSTANCE SOONEST.

3. AFTER COMPLIMENTS/ THE GOVERNMENT OF THE UNITED STATES HAS BEEN ADVISED BY ITS NATIONALS, UNION STOCKYARD AND TRANSIT INDUSTRIES, INC., AND CONTINENTAL OIL CO., MAJORITY STOCKHOLDERS IN CONCH INTERNATIONAL METHANE LIMITED, THAT SONATRACH, THE MAJORITY SHAREHOLDER IN THE COMPAGNIE ALGERIENNE DU METHANE LIQUIDE (CAMEL), IS PROPOSING TO PAY CONCH FOR THE LATTER'S 40 INTEREST IN CAMEL A SUM EQUIVALENT TO WHAT IT REGARDS AS THE NET BOOK VALUE OF THAT INTEREST. IT HAS FURTHER BEEN ADVISED THAT CONCH AND ITS SHAREHOLDERS HAVE DECLINED TO ACCEPT SUCH COMPENSATION, WHICH IN THEIR VIEW IS INADEQUATE

4. THE USG WISHES TO BRING TO THE ATTENTION OF THE GOA THE REQUIREMENT OF INTERNATIONAL LAW THAT WHERE A STATE REQUIRES SALE OF, OR EXPROPRIATES THE INTERESTS OF, FOREIGN NATIONALS, ADEQUATE COMPENSATION MUST BE PAID. IN THE VIEW OF THE USG, ADEQUATE COMPENSATION REPRESENTS THE FULL VALUE OF THE INTERESTS IN QUESTION, A VALUE WHICH GENERALLY IS BEST REPRESENTED BY FAIR MARKET VALUE OR ITS EQUIVALENT. THE PAYMENT OF THE NET BOOK VALUE OF ASSETS IS NORMALLY NOT SUFFICIENT TO DISCHARGE A STATE'S OBLIGATIONS UNDER INTERNATIONAL LAW. IN THAT REGARD, THE USG WISHES TO APPRISE THE GOA OF A STATEMENT ISSUED BY THE DEPARTMENT OF STAT ON DECEMBER 30, 1975, WHICH THE USG IS ALSO TRANSMITTING TO OTHER GOVERNMENTS.

5. THE USG WISHES TO EXPRESS THE HOPE THAT, IF SONATRACH OR THE GOA SHOULD DETERMINE THAT FOREIGN INTERESTS IN CAMEL MUST BE TRANSFERRED, AGREEMENT CAN BE REACHED WITH FOREIGN SHAREHOLDERS ON THE FAIR MARKET VALUE OR ITS EQUIVALENT OF THOSE INTERESTS. FAILING THAT, THE USG BELIEVES THAT IT WOULD BE APPROPRIATE THAT THE ISSUE OF ADEQUATE COMPENSATION FOR THOSE INTERESTS BE SUBMITTED TO ARBITRATION.
END TEXT OF NOTE.

6. WHEN PRESENTING FOREGOING AND THE TEXT OF THE DEC 30 STATEMENT, EMBASSY SHOULD ELABORATE CONSIDERATIONS SET
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PAGE 03 STATE 155154

OUT IN REFTL (B). ROBINSON
UNQUOTE KISSINGER

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<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 15 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, NATIONALIZATION, COMPENSATION, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE155154
Document Source: ADS
Document Unique ID: 00
Drafter:
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D760242-0332
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197607109/baaaepec.tel
Line Count: 100
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 03 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 MAY 2004 by buchant0>; APPROVED <27 AUG 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SONATRACH TAKING OF CONCH SHARES IN CAMEL
TAGS: EINV, ENRG, AG, UK, US, SONATRACH
To: THE HAGUE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006